

FORTY PILLARS MINING CORP.

Condensed Interim Financial Statements

For the Three and Nine Months Ended November 30, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

FORTY PILLARS MINING CORP.**Condensed Interim Statements of Financial Position
(Unaudited - expressed in Canadian Dollars)**

	Note	November 30, 2022	February 28, 2022
		\$	\$
ASSETS			
Current assets			
Cash		5,124	144,418
Amounts receivable		45,327	34,064
Investments	5	9,660	402,210
Prepays		2,079	27,500
		62,190	608,192
Exploration and evaluation assets	3,4	3,745,842	3,680,790
		3,808,032	4,288,982
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	272,539	148,243
		272,539	148,243
Promissory note	4,6	1,775,360	1,758,841
		2,047,899	1,907,084
SHAREHOLDERS' EQUITY			
Share capital	7	2,625,039	2,610,039
Reserves		340,308	340,308
Deficit		(1,205,214)	(568,449)
		1,760,133	2,381,898
		3,808,032	4,288,982

Nature and continuance of operations (Note 1)

Approved on behalf of the Board of Directors on January 26, 2023

/s/ Nader Vatanchi
Nader Vatanchi
Director

/s/ Emma Fairhurst
Emma Fairhurst
Director

The accompanying notes are an integral part of these condensed interim financial statements.

FORTY PILLARS MINING CORP.**Condensed Interim Statements of Loss and Comprehensive Loss
(Unaudited - expressed in Canadian Dollars)**

		Three months ended November 30,		Nine months ended November 30,	
	Note	2022	2021	2022	2021
		\$	\$	\$	\$
Expenses					
Advertising and promotion		10,500	8,000	52,298	8,000
Consulting fees	8	15,900	111,250	50,367	161,250
Filing and listing fees		2,544	2,381	10,900	243,923
Interest expense	6	48,376	28,159	148,295	28,616
Management and director fees	8	22,500	43,250	67,500	91,250
Office and general		2,809	10,816	8,288	18,788
Professional fees	8	10,000	4,765	42,828	10,793
Share-based compensation	7,8	-	-	-	131,570
Operating expenses		(112,629)	(208,621)	(380,476)	(694,190)
Unrealized loss on fair value of investments	5	(23,951)	-	(257,550)	-
Realized loss on investments	5	(60,515)	-	(60,515)	-
Gain on debt modification	6	61,776	-	61,776	-
Loss and comprehensive loss for the period		(135,319)	(208,621)	(636,765)	(694,190)
Basic and diluted loss per common share		(0.01)	(0.01)	(0.04)	(0.06)
Weighted average number of common shares outstanding		14,692,589	19,589,570	14,627,862	11,611,359

The accompanying notes are an integral part of these condensed interim financial statements.

FORTY PILLARS MINING CORP.**Condensed Interim Statements of Cash Flows**
(Unaudited - expressed in Canadian Dollars)

		Nine months ended November 30,
	2022	2021
	\$	\$
Cash flows used in operating activities		
Loss for the period	(636,765)	(694,190)
Items not affecting cash:		
Accrued interest expense	148,295	28,616
Share-based compensation	-	131,570
Gain on debt modification	(61,776)	-
Unrealized loss on fair value of investments	257,550	-
Realized loss on investments	60,515	-
Changes in non-cash working capital:		
Amounts receivable	(11,263)	(29,201)
Prepays	25,421	(45,158)
Accounts payable and accrued liabilities	124,296	80,833
	(93,727)	(527,530)
Cash flows (used in) provided by investing activities		
Exploration and evaluation assets	(50,052)	(1,215,541)
Cash acquired on plan of arrangement	-	66,894
Sale of investments	74,485	-
	24,433	(1,148,647)
Cash flows (used in) provided by financing activities		
Shares issued for cash	-	2,100,000
Share issuance costs	-	(8,775)
Debt repayment	(70,000)	-
	(70,000)	2,091,225
Change in cash during the period	(139,294)	415,048
Cash, beginning of period	144,418	1
Cash, end of period	5,124	415,049

Supplemental cash flow information (Note 9)

The accompanying notes are an integral part of these condensed interim financial statements.

FORTY Pillars Mining Corp.**Condensed Interim Statements of Changes in Shareholders' Equity**
(Unaudited - expressed in Canadian Dollars)

	Number of common shares	Share Capital	Reserves – Share-based payments	Reserves – Capital Contribution	Total Reserves	Deficit	Total
		\$	\$	\$	\$	\$	\$
Balance, February 28, 2021	1	1	-	-	-	-	1
Cancellation of incorporation share	(1)	(1)	-	-	-	-	(1)
Shares issued per plan of arrangement	3,242,589	518,814	-	-	-	-	518,814
Shares issued for cash	11,250,000	2,100,000	-	-	-	-	2,100,000
Share issuance costs	-	(8,775)	-	-	-	-	(8,775)
Share-based compensation	-	-	131,570	-	131,570	-	131,570
Loss for the period	-	-	-	-	-	(694,190)	(694,190)
Balance, November 30, 2021	14,492,589	2,610,039	131,570	-	131,570	(694,190)	2,047,419
Share-based compensation	-	-	(25,417)	-	(25,417)	-	(25,417)
Capital contribution	-	-	-	234,155	234,155	-	234,155
Income for the period	-	-	-	-	-	125,741	125,741
Balance, February 28, 2022	14,492,589	2,610,039	106,153	234,155	340,308	(568,449)	2,381,898
Shares issued for exploration and evaluation assets	200,000	15,000	-	-	-	-	15,000
Loss for the period	-	-	-	-	-	(636,765)	(636,765)
Balance, November 30, 2022	14,692,589	2,625,039	106,153	234,155	340,308	(1,205,214)	1,760,133

The accompanying notes are an integral part of these condensed interim financial statements.

FORTY PILLARS MINING CORP.

Notes to the Condensed Interim Financial Statements

For the Three and Nine Months ended November 30, 2022 and 2021

(Unaudited - expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Forty Pillars Mining Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) (“BCBCA”) on February 4, 2021. The address of its head office is located at Suite 488-625 Howe Street, Vancouver, British Columbia, Canada V6C 2T6. The Company’s registered and records office is 400 – 725 Granville Street, Vancouver, British Columbia, Canada, V7Y 1G5.

The Company was created to facilitate an Arrangement Agreement dated April 1, 2021 (“Arrangement Agreement”) with Origen Resources Inc. (“Origen”). In accordance with the Arrangement Agreement, the Company was incorporated as a wholly-owned subsidiary of Origen. Origen transferred its mineral exploration business and other assets to the Company in exchange for 3,242,589 common shares. The common shares were then distributed to Origen and the shareholders of Origen. The exchange in shares for the exploration business and other assets has been recorded as a capital transaction at the fair value of the net assets received. See Note 3.

On May 31, 2021, the Company was listed on the Canadian Securities Exchange (“CSE”) under the symbol PLLR.

On February 22, 2022, the Company completed a share consolidation on a 2 for 1 basis. All references to share and per share amounts in these condensed interim financial statements have been retroactively restated to reflect the 2 for 1 exchange ratio.

The Company’s continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses.

These condensed interim financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations. As at November 30, 2022, the Company had a working capital deficit of \$210,349, had not yet achieved profitable operations and has an accumulated deficit of \$1,205,214 since its inception. The Company expects to incur further losses in the development of its business. All of these circumstances comprise a material uncertainty which may cast significant doubt on the Company’s ability to continue as a going concern. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. If the going concern assumption were not appropriate for these condensed interim financial statements, it could be necessary to restate the Company’s assets and liabilities on a liquidation basis.

In March 2020, the World Health Organization (“WHO”) declared coronavirus COVID-19 a global pandemic. In order to combat the spread of COVID-19 governments worldwide, including Canada, have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures will have a significant, negative effect on the economy of all nations for an undeterminable period of time, the extent of which is also uncertain. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. If for any reason the Company is

FORTY PILLARS MINING CORP.**Notes to the Condensed Interim Financial Statements****For the Three and Nine Months ended November 30, 2022 and 2021****(Unaudited - expressed in Canadian Dollars)**

unable to continue as a going concern, it could impact the Company's ability to realize assets at their recognized values and to meet its liabilities in the ordinary course of business at the amounts stated in these condensed interim financial statements.

These condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in accordance to IAS 34 Interim Financial Reporting using accounting policies consistent with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended February 28, 2022.

The Company uses the same accounting policies and methods of computation as in the annual financial statements for the year ended February 28, 2022.

Certain comparative figures have been reclassified to conform to the current period's presentation.

The condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values. In addition, the condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

FORTY PILLARS MINING CORP.**Notes to the Condensed Interim Financial Statements****For the Three and Nine Months ended November 30, 2022 and 2021****(Unaudited - expressed in Canadian Dollars)****3. PLAN OF ARRANGEMENT**

The Company entered into an Arrangement Agreement dated April 1, 2021, under the BCBCA with its former parent company, Origen. The Arrangement Agreement was completed on May 21, 2021. Pursuant to the Arrangement Agreement, Origen completed a share reorganization and spun out its Silver Dollar Property, Beatrice Property and \$66,894 in cash in exchange for 3,242,589 common shares of the Company. The Company recognized net assets received at fair value which was based on the concurrent private placement share price.

	\$
Consideration:	
3,242,589 common shares of the Company at \$0.16 per share	518,814
Fair value of consideration paid	518,814
Allocated to fair value of net assets as follows:	
Cash	66,894
Exploration and evaluation assets (Note 4)	451,920
Total net assets acquired	518,814

4. EXPLORATION AND EVALUATION ASSETS

As at November 30 2022, the Company has capitalized the following acquisition, exploration and evaluation costs on its mineral properties:

	Silver Dollar \$	Beatrice \$	Wishbone \$	Total \$
Acquisition Costs				
Opening, February 28, 2021	-	-	-	-
Arrangement Agreement	434,040	17,880	-	451,920
Additions	-	-	3,140,089	3,140,089
Balance, February 28, 2022	434,040	17,880	3,140,089	3,592,009
Additions:				
Cash acquisition costs	-	-	50,000	50,000
Share acquisition costs	-	-	15,000	15,000
Balance, November 30, 2022	434,040	17,880	3,205,089	3,657,009
Exploration and Evaluation Costs				
Opening, February 28, 2021	-	-	-	-
Field work	30,092	-	-	30,092
Geological	37,790	-	3,875	41,665
Reporting and other	17,024	-	-	17,024
Balance, February 28, 2022	84,906	-	3,875	88,781
Reporting and other	-	52	-	52
Balance, November 30, 2022	84,906	52	3,875	88,833
Balance, February 28, 2022	518,946	17,880	3,143,964	3,680,790
Balance, November 30, 2022	518,946	17,932	3,208,964	3,745,842

FORTY Pillars Mining Corp.**Notes to the Condensed Interim Financial Statements****For the Three and Nine Months ended November 30, 2022 and 2021****(Unaudited - expressed in Canadian Dollars)**

Silver Dollar Property, British Columbia

On May 21, 2021, the Company acquired the Silver Dollar Property as part of the Arrangement Agreement (Note 3).

The Company owns a 100% interest in the Silver Dollar Property, located in the Revelstoke Mining District of British Columbia, subject to an existing 1.0% net smelter return ("NSR") royalty held by Happy Creek Minerals Ltd., beginning upon commencement of commercial production on the property.

As part of the Arrangement Agreement, the Company received \$66,894 to be applied to the required assessment requirements to keep the property in good standing. As at November 30, 2022, the Company had incurred the necessary exploration expenditures.

Beatrice Mineral Property, British Columbia

The Company acquired 100% of the Beatrice Mineral Property as part of the Arrangement Agreement (Note 3). The Beatrice Property is located to the south of the Silver Dollar Property.

Wishbone Property

On October 4, 2021, the Company entered into a Sale and Assignment Agreement (the "Agreement") with Origen to acquire an option to acquire 100% interest to 10 mineral claims located in the Liard Mining Division in British Columbia (the "Wishbone Property"). The Company will also grant a 1% NSR to Origen. Half of the NSR (0.5%) can be purchased prior to commercial production for \$1,000,000. The Company can acquire the property by:

- Paying total cash consideration of \$3,000,000, of which \$1,000,000 was paid during the period and \$2,000,000 was paid in the form of a promissory note with a 3-year term, bearing interest at 5% per annum, with interest payable monthly (Note 6).
- Reimbursing Origen \$140,089 for airborne survey costs incurred (paid); and
- Making the remaining share issuances and cash payments under the original property agreement, being:
 - 200,000 common shares (issued and valued at \$15,000) and \$50,000 cash (paid) by May 29, 2022; and
 - 200,000 common shares and \$50,000 cash by May 29, 2023.

FORTY Pillars Mining Corp.**Notes to the Condensed Interim Financial Statements****For the Three and Nine Months ended November 30, 2022 and 2021****(Unaudited - expressed in Canadian Dollars)****5. INVESTMENTS**

The movements in investments during the nine months ended November 30, 2022 are summarized as follows:

	Common Shares \$	Share Purchase Warrants \$	Total Investments \$
Balance, February 28, 2021	-	-	-
Additions, cost	200,000	-	200,000
Revaluation gain	70,000	132,210	202,210
Balance, February 28, 2022	270,000	132,210	402,210
Disposals	(74,485)	-	(74,485)
Realized loss	(60,515)	-	(60,515)
Revaluation loss	(135,000)	(122,550)	(257,550)
Balance, November 30, 2022	-	9,660	9,660

CAVU Mining Corp.

During the year ended February 28, 2022, the Company acquired 500,000 units of CAVU Mining Corp. ("CAVU") at a price of \$0.40 per unit totaling \$200,000. Each unit is comprised of one common share and one common share purchase warrant. Each whole warrant is exercisable into a common share at an exercise price of \$0.60 until January 21, 2024. On initial recognition, no value was attributed to the share purchase warrants. As at November 30, 2022, the warrants were valued using the Black-Scholes option pricing model with the following inputs: expected life – 1.14 years; risk-free rate of 3.89%, stock price of \$0.17; exercise price of \$0.60; and volatility of 100%.

During the three and nine months ended November 30, 2022, the Company recorded an unrealized loss on fair value of investments of \$23,951 and \$257,550 (2021 - \$nil and \$nil) due to mark-to-market valuation.

During the nine months ended November 30, 2022, the Company sold 500,000 common shares of CAVU for net proceeds of \$74,485 and recorded a realized loss on investments of \$60,515 (2021 - \$nil)

FORTY Pillars Mining Corp.**Notes to the Condensed Interim Financial Statements****For the Three and Nine Months ended November 30, 2022 and 2021****(Unaudited - expressed in Canadian Dollars)****6. PROMISSORY NOTE**

	\$
Balance, February 28, 2021	-
Additions	1,679,240
Interest	79,601
Balance, February 28, 2022	1,758,841
Gain on debt modification	(61,776)
Debt repayment	(70,000)
Interest	148,295
Balance, November 30, 2022	1,775,360

On October 4, 2021, as part of the Agreement with Origen to acquire the Wishbone Property the Company issued a promissory note for \$2,000,000, bearing interest at 5% per annum and maturing on October 4, 2024. As Origen is a significant shareholder of the Company, the Company has determined that a below-market interest rate was provided. The Company fair valued the loan at \$1,679,240 using a 6% discount rate, which represents the difference between the market interest rate of 11% and the promissory note interest rate of 5%. The difference between the initial fair value and the face value of the promissory note of \$320,760 (\$234,155 net of tax effect) has been treated as a capital contribution to the Company from Origen, since Origen is a significant shareholder of the Company. The promissory note will be accreted to its face value over the term of the note at an effective interest rate of 5.70%.

On October 14, 2022, the Company entered into a loan reduction agreement with Origen. Pursuant to the terms of the agreement, the Company paid Origen \$70,000 to reduce the principal of the promissory note by \$140,000. A new promissory note has been signed for the principal amount of \$1,860,000 with all other terms and conditions being the same. During the three and nine months ended November 30, 2022, the Company recorded a gain on debt modification of \$61,776 and \$61,776 (2021 - \$nil and \$nil).

During the three and nine months ended November 30, 2022, accretion expense of \$24,298 and \$74,217 (2021 - \$28,616 and \$28,616) has been included in interest expense on the statements of loss and comprehensive loss.

7. SHARE CAPITAL**Authorized**

Unlimited number of common shares without par value

Share consolidation

On February 22, 2022, the Company completed a share consolidation on a 2 for 1 basis. All references to share and per share amounts in these financial statements have been retroactively restated to reflect the 2 for 1 exchange ratio.

FORTY PILLARS MINING CORP.**Notes to the Condensed Interim Financial Statements****For the Three and Nine Months ended November 30, 2022 and 2021****(Unaudited - expressed in Canadian Dollars)****Issued and outstanding**

During the nine months ended November 30, 2022, the Company had the following share issuance:

- On May 29, 2022, 200,000 common shares were issued pursuant to the Wishbone Property Agreement (Note 4). The shares were fair valued at \$15,000.

During the year ended February 28, 2022, the Company had the following share issuances:

- On May 21, 2021, 3,242,589 common shares were issued pursuant to the Arrangement Agreement (Note 3).
- On May 25, 2021, the Company closed a private placement for gross proceeds of \$600,000 through the sale of 3,750,000 shares at a price of \$0.16 per share.
- On October 28, 2021, the Company closed a private placement for gross proceeds of \$1,500,000 through the sale of 7,500,000 units at a price of \$0.20 per unit. Each unit comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase one additional common share at a price of \$0.24 for a 36-month period. The warrants were fair valued at \$nil using the residual value method.

Stock Option Plan

The Company has a stock option plan under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a term of ten years and vest as determined by the board of directors.

Share option transactions are summarized as follows:

	Stock Options #	Weighted Average Exercise Price \$
Balance, February 28, 2021	-	-
Granted	650,000	0.22
Balance, February 28, 2022	650,000	0.22
Forfeited	(75,000)	0.22
Balance, November 30, 2022	575,000	0.22

During the nine months ended November 30, 2022, the Company did not grant any stock options.

During the year ended February 28, 2022, the Company granted 650,000 stock options. The stock options vested immediately, have an exercise price of \$0.22 per share and expire on May 31, 2026. The

FORTY Pillars Mining Corp.**Notes to the Condensed Interim Financial Statements****For the Three and Nine Months ended November 30, 2022 and 2021****(Unaudited - expressed in Canadian Dollars)**

stock options were fair valued at \$106,153 using the Black-Scholes option pricing model with the following assumptions: expected life – 5 years; risk-free rate of 0.90%, a forfeiture rate of nil; and volatility of 100%.

A summary of the share options outstanding and exercisable at November 30, 2022 is as follows:

Number of Options Outstanding and Exercisable	Exercise Price \$	Remaining Life (years)	Expiry Date
575,000	0.22	3.50	May 31, 2026

Share purchase warrants

Warrant transactions are summarized as follows:

	Warrants #	Weighted Average Exercise Price \$
Balance, February 28, 2021	-	-
Issued	7,500,000	0.24
Balance, February 28, 2022 and November 30, 2022	7,500,000	0.24

A summary of warrants outstanding at November 30, 2022 is as follows

Number of Warrants	Exercise Price \$	Remaining Life (years)	Expiry Date
7,500,000	0.24	1.91	October 28, 2024

FORTY PILLARS MINING CORP.**Notes to the Condensed Interim Financial Statements****For the Three and Nine Months ended November 30, 2022 and 2021****(Unaudited - expressed in Canadian Dollars)****Escrow shares**

On May 25, 2021, the Company entered into an escrow agreement with a shareholder of the Company. 263,080 shares were placed into escrow. These escrow shares will be released as follows:

Date	Amount of Escrowed Shares Released
On the date that the Company's common shares were listed on the CSE, May 31, 2021 (released)	1/10 of the escrow shares
On the date 6 months following the listing date (released)	1/6 of the remainder of the escrow shares
On the date 12 months following the listing date (released)	1/5 of the remainder of the escrow shares
On the date 18 months following the listing date (released)	1/4 of the remainder of the escrow shares
On the date 24 months following the listing date	1/3 of the remainder of the escrow shares
On the date 30 months following the listing date	1/2 of the remainder of the escrow shares
On the date 36 months following the listing date	Remainder of the escrow shares

As at November 30, 2022, 118,389 common shares (February 28, 2022 – 197,312) remained in escrow.

8. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and certain of the members of the Board of Director. Transactions with related parties are made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Summary of key management personnel compensation is as follows:

	Three months ended November 30,		Nine months ended November 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Management and director fees ¹	22,500	41,250	67,500	91,250
Consulting fees ²	-	50,000	-	50,000
Professional fees ³	10,000	-	35,947	-
Share-based compensation	-	-	-	40,843
Total	32,500	91,250	103,447	182,093

¹Management fees consist of fees paid or accrued to the CEO and former CFO.

²Consulting fees consist of fees paid or accrued to the CEO.

³Professional fees include amounts paid or accrued to a company in which the CFO acted as management.

Accounts payable and accrued liabilities at November 30, 2022, includes \$102,611 (February 28, 2022 - \$38,206) owing to directors, officers, or to companies significantly controlled by common directors for

FORTY PILLARS MINING CORP.**Notes to the Condensed Interim Financial Statements****For the Three and Nine Months ended November 30, 2022 and 2021****(Unaudited - expressed in Canadian Dollars)**

unpaid fees and expense reimbursements. All amounts owing are non-interest bearing and incurred in the normal course of business.

During the nine months ended November 30, 2022, the Company granted nil stock options (2021 - 200,000) to the officers and directors of the Company. Upon the grant, \$nil (2021 - \$40,843) in share-based compensation expense was recorded.

9. SUPPLEMENTAL CASH FLOW INFORMATION

During the nine months ended November 30, 2022, the Company entered into the following non-cash transaction:

- The Company issued 200,000 common shares pursuant to the Agreement for the Wishbone Property.

During the nine months ended November 30, 2021, the Company entered into the following non-cash transaction:

- The Company issued 3,242,589 common shares pursuant to the Arrangement Agreement in exchange for the Silver Dollar Property, Beatrice Property and \$66,894 in cash.

As at November 30, 2022, \$5,956 (February 28, 2022 - \$5,956) of exploration and evaluation asset expenditures were included in accounts payable and accrued liabilities

10. CAPITAL MANAGEMENT

The Company does not have any externally imposed regulatory capital requirements for managing capital. The Company has defined its capital as items within shareholders' equity, as determined at each reporting date.

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or engage in debt financing.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support for its projects. The Company is not subject to any externally imposed capital requirements.

FORTY PILLARS MINING CORP.**Notes to the Condensed Interim Financial Statements****For the Three and Nine Months ended November 30, 2022 and 2021****(Unaudited - expressed in Canadian Dollars)****11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT****Categories of financial assets and financial liabilities**

Financial instruments are classified into one of the following categories: FVTPL; amortized cost; and FVTOCI. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	November 30, 2022	February 28, 2022
		\$	\$
Cash	Amortized cost	5,124	144,418
Investments	FVTPL	9,660	402,210
Accounts payable and accrued liabilities	Amortized cost	(272,539)	(148,243)
Promissory note	Amortized cost	(1,775,360)	(1,758,841)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market-place.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash and accounts payable and accrued liabilities, approximate their fair value due to their short-term nature. The Company's fair value of investments (except for warrants) were based on the quoted market prices of the shares as at November 30, 2022 and was therefore measured using Level 1 inputs. The fair value of the warrants were determined using certain Level 3 inputs, as the Black-Scholes option pricing model incorporates share price volatility. The Company's promissory note is measured as the present value of the discounted future cash flows.

FORTY PILLARS MINING CORP.**Notes to the Condensed Interim Financial Statements****For the Three and Nine Months ended November 30, 2022 and 2021****(Unaudited - expressed in Canadian Dollars)**

Risk exposure

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to financial instruments is remote.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. As at November 30, 2022, the Company had a cash balance of \$5,124 to settle current liabilities of \$272,539 and is subject to liquidity risk (Note 1).

c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity prices. These fluctuations may be significant.

- Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does not believe it is currently subject to any significant interest rate risk.

- Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, and the stock market to determine the appropriate course of action to be taken by the Company.

12. SEGMENTED INFORMATION

As at November 30, 2022, the Company currently operates in one segment, being the acquisition and exploration and evaluation of resource assets located in Canada as described in Note 4.